



## Idaho Public Utilities Commission

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*Case No. IPC-E-14-19, Order No. 33179 and Case No. IPC-E-14-20, Order No. 33180*

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# Commission adopts sales agreements with Grand View Solar, Boise City Solar

**BOISE (Nov. 14, 2014)** – State regulators today approved sales agreements between Idaho Power Company and the developers of two solar generation projects totaling 120 megawatts.

**Grand View PV Solar Two LLC**, 20 miles southwest of Mountain Home, is 80 MW and is scheduled to be online by Sept. 1, 2016. The project is expected to include about 340,480 polysilicon photovoltaic panels installed on a single-axis tracking system. The developer is Robert Paul of Boise.

**Boise City Solar LLC** is a 40-MW project to be built southeast of Kuna on Sand Creek Road with a proposed online date of Jan. 16, 2016. The project is expected to use mono-crystalline solar modules and is a dual-axis tracking system, which allows the tracker to follow the sun both vertically and horizontally. The developer is Mark van Gulik of Intermountain Energy Partners, headquartered in Ketchum with development offices in Boise. IEP will lease the land on which the project will be built from the City of Boise. IEP will be paid by Idaho Power for the project's output, while the city will receive lease payments as well as half of the revenue received from the sale of Renewable Energy Certificates (green tags) associated with the project. Idaho Power will also receive 50 percent of REC proceeds.

The commission received more than 140 written comments from the public, all encouraging their approval. "While many of the comments appeared to be based on a form-letter campaign, many others were original and thoughtful comments from citizens who appeared to be concerned about the environment and optimistic about the contribution" the projects would have on the economy. "We appreciate the public's participation in our process. "

The projects are the first of their type since the Idaho commission adopted an updated pricing method for intermittent projects (like solar and wind) that fall under the provisions of PURPA, or the federal Public Utility Regulatory Policies Act (PURPA). The commission also has applications for another 11 solar projects totaling 281 MW. *(See related press release also issued today.)*

PURPA requires regulated utilities to buy energy from independent, renewable generation projects at rates established by state commissions. The rate to be paid small-power producers is called an “avoided-cost rate,” because it is based on the incremental cost the utility avoids by not having to generate the energy itself or buy it from another source. The commission must ensure the avoided-cost rate is reasonable for customers because all amount utilities pay to qualifying small-power producers is included in customer rates.

The updated pricing method requires the developer and utility to negotiate a rate based on a methodology that uses the utility’s long-range plan, called an Integrated Resource Plan (IRP), which considers, among other factors, the utility’s need for the resource and the times when the energy is generated. “We intend that the IRP methodology be a flexible tool, taking into account many different variables, and producing a result that accurately values a project’s capability to deliver resources in relation to the timing and magnitude of the utility’s need for such resources,” the commission said.

Under the agreements, Idaho Power pays the developers a non-levelized rate over the 20-year term, which means payments increase over the course of the agreement and vary according to light-load and heavy-load hours of the day and seasons of the year.

For Grand View, payments would vary from as low as \$31 per megawatt-hour for light-load hours during the early months of the agreement to as high as \$159 per MWh for heavy-load hours during the latter years of the agreement. If the payments were levelized over the 20-year term of the agreement, payments would be about \$71.48 per MWh, after adjustments made by commission staff and Idaho Power. The estimated 20-year contractual obligation based on anticipated generation levels is about \$300 million.

The agreement allows for a 5% deviation in monthly energy deliveries. If generation deviates by more than that, a price adjustment can be imposed against the developer, but the reduced payment to the developer can be no more than 10%. If there is a consistent and material deviation from the hourly energy estimates, the project will be considered to be in breach of the sales agreement.

The Grand View agreement also contains a solar integration charge which the developer pays Idaho Power to cover the cost of integrating the solar energy into Idaho Power’s transmission and distribution system. The negotiated charge starts at 99 cents per MWh in the first year of the agreement and escalates to \$1.84 per MWh in 2036.

The agreement with Boise City Solar LLC also includes non-levelized payments over 20 years. Payments would vary from as low as \$44 per megawatt-hour for light-load hours during the early months of the agreement to as high as \$113 per MWh for heavy-load hours during the latter years of the agreement. If the payments were levelized over the 20-year term of the agreement, they would be about \$71.43 per MWh, after staff and company adjustments. The 20-year contractual obligation based on estimated generation levels is about \$160 million. The project is allowed a 2% deviation from its estimated monthly energy output before a price adjustment can be imposed, also capped at no more than 10%. And, as with Grand View Solar, material deviations from hourly energy estimates may be considered as a breach of contract.

The negotiated solar integration charge starts at \$1.34 per MWh in the first year of the agreement and escalates to \$3.11 per MWh in 2036.

The commission's orders, along with other documents related to these cases, are available on the commission's Web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "Open Cases" under the "Electric" heading and scroll down to Case Number IPC-E-14-19 for Grand View Solar II and IPC-E-14-20 for Boise City Solar. Petitions for reconsideration must be filed by no later than Dec. 5, 2014.

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